

## **POLICY BULLETIN NO. 3**

### **SUBJECT:**

Code of Ethics

### **OBJECTIVES:**

To set forth the cooperative's policy regarding the development and enforcement of its Code of Ethics to guide the conduct of members of the board of directors, management and staff.

### **POLICY:**

#### **A. Commitment to ethical behavior:**

It is the policy of the board of directors to expect the highest level of ethical behavior of its employees, members and others associated with the cooperative and to periodically update and restate its standards in a published Code of Ethics.

#### **B. Objectives of the cooperative's Code of Ethics:**

The cooperative's standards of ethical behavior will be defined and communicated to deter inappropriate conduct and to promote:

1. Honest conduct, including the ethical handling of actual or apparent conflicts of interest between personal and cooperative business relationships.
2. Full, fair, accurate, timely and understandable disclosure of the cooperative's periodic external reports.
3. Compliance with applicable governmental rules and regulations.
4. Prompt internal reporting of code violations to persons identified in the code.
5. Accountability for adherence to the code.

#### **C. Matters to be addressed in the Code of Ethics**

The cooperative's Code of Ethics will address the following matters:

1. A general statement of the cooperative's business philosophy and position on respect, trust, integrity, honesty and other core ethical issues.
2. Legal requirements imposed by state or other regulatory agencies.
3. Compliance with applicable law including whistleblower protection and records retention.
4. Conflicts of interest including contractual relations involving the cooperative, gifts to board members or employees in consideration of business opportunities with the cooperative, outside activities which might impair the cooperative's business, use of cooperative property for personal purposes or use of confidential cooperative information.
5. Preparation of the cooperative's annual report, press releases and other public disclosures to ensure they are accurate, complete and understandable.
6. Reporting of violations of the cooperative's Code of Ethics will be facilitated by

multiple alternative reporting procedures, timely and fair processes by which management will investigate reports and protection of those employees or others who report apparent violations in good faith.

#### D. Code of Ethics implementation

1. Management shall be held accountable for development of a Code of Ethics for approval by the board and for its enforcement, as well as periodic reporting to the board regarding ethics-related matters and opportunities to improve the code and this policy.
2. Code of Ethics violations
  - A) Management shall have the sole discretion to address any violation of the Code of Ethics in a manner which management deems appropriate. The following disciplinary action is simply a guideline, not a mandate.
  - B) Any major violation of the Code of Ethic may subject an employee to immediate dismissal.
  - C) All other violation may result in the following actions, not necessarily in this order:
    - a. Verbal counseling/warning
    - b. Written warning
    - c. 3 days' suspension without pay
    - d. 1-week suspension without pay
    - e. A suspension or discharge may be appealed within 5 days to committee and/or board of directors.
    - f. The committee will consist of one board member, one office staff and one line worker.
    - g. Assuming no other incidents or violations, written warnings shall be removed from an employee's file after 3 years
3. Exemplary behavior may be rewarded
4. A copy of the cooperative's current Code of Ethics shall be attached hereto.

# CODE OF ETHICS

## Lower Yellowstone Rural Electric Cooperative

- 1) **Maintain trust and respect with each member and co-worker**
- 2) **Preserve our core values: Integrity, Accountability, Innovation and Commitment to community**
- 3) **We shall at all times exercise due care, loyalty and attention**
- 4) **Deal with every member and business partner with honesty and consistency**
- 5) **Eliminate all actual or apparent conflicts of interest**  
“A conflict of interest exists when the private interest (financial or otherwise) of a director, employee or their related parties interferes, or appears to interfere, in any way with the interests of the cooperative.”
- 6) **Be committed to Lower Yellowstone REC and its best interest**
- 7) **Always strive for the highest level of performance**
- 8) **Maintain the lowest possible rates consistent with sound business practices**
- 9) **Unethical behavior shall be reported to the general manager, an employees’ supervisor, or the board of trustees**
- 10) **Any and all reports shall be full, fair, timely, clear and accurate**
- 11) **We shall follow all local, state and federal laws and regulations**
- 12) **Any employee making a report shall be protected from retaliation**
- 13) **All board members and employees shall abide by this code of ethics and shall be held accountable for their actions**